

JONATHAN ZUCK:

Hello everyone, and welcome to the second webinar to present the interim findings of the review team on Competition Consumer Trust and Consumer Choice. My name is Jonathan Zuck and I'm the Chair of the CCT Review. The Review was initially a part of the affirmation of commitment and is now a part of the bylaws post IANA transition. So let me just work these slides.

As you're probably aware, The CCT was tasked with evaluating the degree to which the new program has promoted competition consumer trust and consumer choice. In add, with were asked to evaluate the effectiveness of the application and evaluation processes and to evaluate the effectiveness of Stage Guard. I think somebody needs to mute their line, because there is an echo. Our big goals basically were to perform a data driven assessment of the new GTLD program and hopefully to inform policy related to the introduction of additional new GTLDs.

At a high very level, our initial conclusions are that there was an improvement in competition and consumer choice and the adoption of Safe Guard, and that more data is needed to really identify the significant negative consequences of the new GTLD program, and as such, we still have a couple studies that are in the field that we'll be able to include in our final report. I'm really glad that you're on the call to, and hope that we're able to answer any questions you may have about the report so that you can post some comments. The report is open for public comment right now and the close date of the comments period is the 27th of April. You can see here a link to the represent and an email

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address, to which to send comments. Please ask questions if you have them during the webinar, and we hope that you will be able to provide commentary this month in April to help us make the report better.

On balance, the expansion of the VMS marketplace has demonstrated increased competition and consumer choice and has been somewhat successful in mitigating the impact on consumer trust and rights protection, particularly trademarks. There are some caveats, however. The new GTLD program is only regarded as a good start. Looking at the first year means that a lot of TLDs were put into the root as we were reviewing them, and so most new GTLDs have taken closer to three years to really hit their stride for us to really understand what the arc of a particular TLD is going to be.

There is a number of policy issues which will be addressed before any further expansion of GTLDs and it's a constant struggle, not only for our review team but for all of ICANN where data is limited and makes real analysis very difficult. So there are areas in we wish we were performing calculations, but we didn't, and so a big part of our recommendations going forward have to do with the collection of additional data.

If you look at our draft recommendations, they're divided into four categories. The first is Prerequisites, and by this we mean we recommend that a particular action be taken and implemented prior to the launch of subsequent procedures. So however long it takes to get to that process, we're simply saying that these 18 recommendation should get implemented prior to any subsequent procedures.

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The other three categories are Low, Medium, and High Priority, and those just have to do with timing for implementations, not as much importance, but timing. So High Priority being 18 months from the final report, Medium being 36 months, and Low Priority being implemented prior to the formation of the next CCT Review Team, so that it has the data necessary to perform follow on reviews. You can see here how the recommendations break down in terms of area.

So, the first thing I want to talk to you about briefly is data collection. It was one of the biggest commitments of this review team to make a very data driven report, not only to identify the issues associated with competition and consumer trust but potentially to look at potential measurements for success of any particular recommendation. So we made a large effort to find the data that existed and supplement it with additional studies.

There were consumer surveys that were performed Nielsen, a pair of them; one at the start of the program and one a year later. Registrant surveys, one at the start of the program and one a year later, and a pair of economic studies performed by the Analysis Group to look at pricing and other competitive factors in the new GTLD space. We conducted a survey of those who applied for new streams to try to gain an understanding of their perception of the application evaluation process.

We commissioned a study of some actors in the global south and potentially why there weren't more applicants from the global south, looking at parking rates in legacy GTLDs to see if they were significantly different than those in the new GTLDs, to see if there is an issue there. And finally we commissioned a study on DNS abuse and the effective

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safeguards that we hope to get back this Spring. In addition to the studies that we've commissioned, NTA has commissioned a survey, also, by Nielsen, to ask trademark holders what the costs have been of the new GTLD program, that we hope to incorporate the results of that into our final report, as well.

So, we still need additional data on parking, because it's one of these things that some people feel strongly is a negative, and others feel very neutral and there is very little evidence one or the other. Pricing hotel retail and secondary and global regional pricing were very lacking in our research and we get more of that, a kind of competition analysis and substitution behavior.

In other words, when people register a new GTLD, is it to be a substitute for an old one, or is for another purpose. With think there ought be more tracking of programs intended to facilitate applications and that we more granular recording keeping and tight compliance, so that more study can be done on the effectiveness of this particular reform safeguards on DNS acute. And we're looking at DNS abuse rates and Legacy and new GTLDs, to see again if there is a difference between them.

So, one of our central recommendations more data and better data. So the idea here is kind of a broad recommendation to facilitate quantitative analysis of the market and positive implementation consequences, and we went as far as to recommend a recommended data scientist to become part of the ICANN staff. So this should facilitate future CCT reviews, but hopefully facilitate other types of

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reviews and policy development within ICANN, as well, to have better data for better decision making.

Are there questions about the data side of the issues and our recommendations? Feel free to click the hand raised icon when you have a question. There is translation available if you dialed into the right phone number. So please feel free to ask questions if you have them. If not, we'll move on and talk about competition and consumer choice. So if you have any questions that come up about things you've heard prior, don't be shy about raising your hand. Thanks. With that, I'm going to hand the microphone over to Jordyn Buchanan, who is a chair of the subteam on competition and consumer choice.

JORDYN BUCHANAN:

Thanks Jonathan. Early on in our work, we divided into three subteams. One of them focused on competition and consumer choice, and I will be leading us through a session of our key findings and recommendations in that area today. Before we get to the findings and recommendations, it's probably helpful to step back for a moment and talk about the methodology that we took.

As Jonathan mentioned, we strive in the CCT-RT to be as data driven as possible, and that was true with the competition and consumer choice work stream, as well. Much of our work was based on the economic study that analysis group performed to look at key factors regarding, for example, market shares of the new GTLDs and other economic indicators, particularly related to pricing. We also looked at the Nielsen surveys that were done of both registrants, as well as the group that we

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call consumed end users, which are people using the internet and navigating to the domain names, as opposed to people registering them. Nielsen conducted those both of those surveys a year apart, so we tried to get some trend analysis, as well. One thing that is important whenever we're talking about competition, is to talk about competition in a particular marketplace.

And so for example, in the context of new GTLDs, various people might think that the market that the new GTLDs compete in is just against legacy CTLDs. Another possible definition of that market might be to say that the new GTLDs compete against not just legacy GTLDs, but CCTLDs as well, and still others might say only certain types of CCTLDs or even to say that a new GTLD that is very limited in scope, like the NYC, might compete with, for example, the USCCTLD, but not necessarily others, while also competing with some of the more generic legacy GTLDs, as well as the new GTLDs. So depending on how you define the market, you get somewhat different results when you look at the various economic indicators that we have to track.

And so, because we couldn't come to a strong conclusion about what the actual market definition was, various bits of the economic literature, as well as government regulators use particular approaches when they do their own analysis, that we didn't have sufficient data to perform, come to a strong conclusion about which was the correct definition of competition, and it might actually vary from one new GTLD to the next. So, instead, we came up with a few different hypotheses about what possible markets might look like.

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And as I mentioned earlier, one of them might be just the space of all GTLDs, another might include CCTLDs, et cetera. And then we performed various calculations such as market share, as well as market concentration. And just for context, for those of you who are not economists, I certainly am not an economist, and didn't know what market concentration was at the start of this process. When we talk at market concentration, we're talking about what share of the market is controlled by a relatively small number of players.

And so for example, if there is a city that has just two or three hamburger chains, and one of them in particular has 90% of the business, we might say that would be a highly concentrated market for hamburger sales. And we tried to perform similar types of analysis, looking to see whether the GTLD marketplace what the level of concentration was there, and how it had changed over time, based on various definitions of market, once again.

And in general, when we were looking at this data, we're looking at data with trend lines starting in late 2013, before the first of the new GTLDs started to be delegated, and then the initial report covers data through March 2016. We're looking that when we get to our final report, but that's what you will see in the initial report. So, with that caveat of methodology aside, let's take a look at what we actually found. When we look at the area of competition, we generally found positive signs.

One way of looking at this is how we looked at the market share analysis that we did, and in that analysis, we found that approximately 50% of the growth in the total number of GTLDs between the end of 2013 and March of 2016 came from new GTLDs. So what that means is

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if you look at the end of 2013 and carry it through to March of 2016, and you count up the total number of GTLDs that existed, and then see how much that increased, about half of that increase would have come from new GTLDs or half of it would have come from legacy GTLDs.

And you could further expand that analysis to look at CCTLDs as well, and then I think mostly by coincidence, that the numbers are remarkably unique. If you look at CCTLDs, new GTLDs, and legacy GTLDs, each of those capture about a third of the total increase in the domain name market during that same period. So as a whole, GTLDs represented a category of growth that was similar to either legacy GTLDs or to CCTLDs. We thought that was quite a positive signal with regard to competition.

And then when we looked at these more technical economic analyses around market concentration is one called HHI, and this is what for example the US Department of Justice uses in its analysis of market concentration. And we found that for the definition of market where you just define GTLDs in the market, we saw 1000 points decreased between the end of 2013 and March 2016, mostly due to the introduction of new GTLDs; 1000 points is very significant in HHI, and I will caveat, though, that the number, the end result number is still quite high. It's at the point that I think typically government regulators would find the market to be sort of interesting from a regulatory perspective.

And that is largely because there is a very large incumbent player that runs both the dot com and dot net CLDs, which are the largest two CLDs, and dot com is the largest by a considerable margin. And so historically the GTLDs marketplace, if you define it in that particular



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way, has been very concentrated, but introduction of new GTLDs has had a positive effect on that concentration.

One thing that we usually expect to see when concentration decreases and we see other positive signs around competition, is that prices should decrease, that's a usual phenomenon in economics. We were not able to observe that here. We think there are two reasons for that. First is that we simply didn't have the data that would be required in order to observe it. For example, and most importantly, whereas we had a through analysis group, quite extensive data on the wholesale prices, and wholesale price here means the price that registries charge the registrars of the new GTLDs.

We did not have that data for most of the legacy GTLDs, and therefore we were unable to make a comparison across the new GTLDs and legacy GTLDs, and in particular to see whether the introduction of new GTLDs had an effect on the prices charged by legacy GTLDs. Having said that, it probably would not have mattered, even if we had the data, because most of the legacy GTLDs are constrained by a price cap that is imposed by ICANN through their contracts, and these price caps mean that in most cases, the legacy GTLDs are charging prices that are quite a bit lower than the average that we observed across the new GTLDs.

And therefore it's quite likely that even if we had data from the legacy GTLDs, they would simply be charging the price that their price cap was at, and even if the sort of theoretical perspective, if a legacy GTLD today is capped at a price of say \$7, if they really wanted to charge originally, say \$20, and as a result of the new competition, they wanted to charge \$15, it wouldn't really matter, because they're constrained to only

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charge \$7. So these price caps likely would mute any effect of competition that we would see, as well, in terms of price.

The other significant note that we found is that most of the new GTLDs are quite small. Almost 3/4 of the new GTLDs that we looked at have less than 10,000 registrations, and more than 90% of them have fewer than 50,000 registrations. This is quite a bit smaller than the typical legacy GTLDs, although there are several of them that are quite small, as well, and have survived for a number of years.

And in fact, we hypothesize a number of potential outcomes of the fact that these small GTLDs exist, but one of them is simply that it may be possible to run quite a small operation as a GTLD registry operator due to the fact that a registry operator can outsource its technical operations to a back end provider and can also, they don't need to build a distribution network, due to the fact that registrars exist, and so the fact that these capabilities exist without a particular registry operator needing to build it up themselves, meaning that it's possible for these TLDs to exist to quite small scale, but this is an area that stood out to us as something that deserves future analysis.

Moving beyond the topic competition to that of consumer choice, we found perhaps surprisingly, that the new GTLDs do in fact give consumers more choice, and that is both true for registrants who now have a large number of GTLDs that they can choose from, and it's not only that there are more GTLDs, but they represent significant choices in terms of the languages that were available, the types of character sets that were available, in many cases there is geographic identifiers available, and a variety of new specialized categories.

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So registrants had quite an addition in terms of the number of options that they had and the types of options, with sorts of CLDs they could register in. And similarly, as a result of that, consumer engines, there are people navigating to those domain names, have quite a few new options as well, and potentially the new domains could be expressive of specific categories or identification that may be valuable to those end users, and there's actually some more discussion of that particular topic later in the presentation when we get to issues of consumer trust and registration restrictions.

One particular topic that we looked at with regard to consumer choice was whether the fact that people were registering in these new GTLDs really did represent a choice, or whether for some reason the registrants felt obliged to register, either for defensive purposes, or to otherwise prevent someone else from registering in the name, and we did find that there was some evidence that many registrants were in fact registering either defensively or because they had some reason to try to prevent other people from getting the name, as opposed to other purposes.

But we also found a large number of registrants were also registering these names because they felt it helped in their market appeal or helped them reach new categories of consumers. And we also, as an additional finding to that, found that many, many people were registering in the new GTLDs despite the fact they could have registered and then back match of their domain name, either legacy GTLD and in particular in dot com. And we especially, since many of these GTLDs cost more than the legacy GTLDs, we found that quite a significant finding.

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We tried to broaden beyond this general notion of the potential for defensive registrations, and looked specifically at the issue of trademark holders being potentially subject to cost related to defensive registrations of their trademarks, and once again, we generally found positive signs here related to direct cost of potential registrations. Of the trademark holders that were registered in the TMCH and that had already registered their name in at least one of the legacy GTLDs, so people that had trademarks and were using them in domain names, of those, almost half of them didn't register in any of the new GTLDs, and of those that did register in the new GTLDs, the median number of registrations in the new GTLDs per trademark was only 3.

So most registrants did not see a significant amount of direct cost from defensive registrations as a result of this program, but we did note that there were a small number of trademark holder registrants who were registering in a large number of GTLDs, about 4% had registered in over 100 GTLDs, and there was one particular trademark holder that had registered their trademark in over 400 of the new GTLDs. So, one of the things that we actually recommend in the report is that the policy tract take a look at whether there is a mechanism to address this disparity and create some mechanism by which trademark holders that feel today that they need to register in hundreds of GTLDs, might have some sort of better protection or a rights protection mechanism associated with them.

One other issue we looked at on the topic of consumer choice was that of registry policy. You might imagine that one way the registries compete with another was to have different sorts of registry policies and that might be attractive to either registrants or to consumer end users.

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What we did find is that there actually wasn't a particularly large amount of variance between the new GTLDs and the legacy GTLDs. But as we took a look at the various policies of the top 30 new legacy GTLDs, one thing that we did notice is that there was not a particularly large amount of attention paid to the privacy of personal data collected by registries, and in particular that most registries don't have statements that prevent the sharing or resale of registrants' personal data.

And so one of the things that we recommend in our report is to more strictly regulate the collection and dissemination of personal data by registries. So, that is a rough summary of what we found so far. We are looking forward to some updates in the final report, which will be coming out later this year. The first thing that I already mentioned, is that we'll be updating our calculations based on more recent data. We're looking the December of 2016, so we'll have about 9 months fresher data by the time we publish the final report.

We also, as Jonathan mentioned are looking at the issue of the parking of domain names, and to see what effect that may have on some of the economic analysis. And in particular, we're looking to see, first of all, parking rates differ between the new GTLDs and legacy GTLDs, and to the extent that they do differ, whether this might make the numbers behind the growth in the new GTLDs less sustainable somehow, and so we'll be performing some slightly different calculations based on market share, concentration, et cetera, with some analysis done on differential parking rates, as well.

And then, finally we'll be looking to do a different type of market definition than we've been able to so far. So far, we've only been

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looking at definitions of market that are essentially global, but recently there was an economic study of the Latin American market place for domain names, and that included quite a bit of work to gather who is data and identify particular registrations from particular countries. And so we're hoping to use that data to look at country by country market analysis to see if there is a difference in behavior in terms of registration and competition between, for example, legacy and new GTLDs versus CCTLDs, in particular, countries.

And we'll be looking at some additional data and add it to the final report, as well. With that, I think I've wrapped up my summary of our findings to date, and at this point I'm happy to entertain questions from the participants in the webinar before moving onto the remaining sections of the report.

I do see in the chat that John Poole just asked a question, which I will read out and respond to while we wait to see if anyone else is interested. John Poole asked, "How are you going to get wholesale pricing data since ICANN is proposing to delete that recording requirement in the new GTLD base registry reading?"

So, I'll make two points in this regard. The first is that we did not actually rely on a registry's recorded data directly to ICANN as part of our analysis. The analysis group separately gathered the data from the registries and did a bunch of pricing analysis separate from either ICANN or the CCTRDT and that's where confidentiality, as you can imagine, registries consider this information to be quite sensitive.

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So there is a separate provision unrelated to price recording to ICANN that is in the new GTLDs agreement that is not being altered, as I understand it, and that is the requirement to cooperate with economic support. So that requirement going forward will continue to allow exploration such as the analysis group data that we relied upon in this study.

And secondly, to the extent that the requirement does exist today, it actually doesn't require new GTLDs to report their initial pricing to ICANN, only changes to pricing, so actually it wouldn't have been helpful for this analysis, even if that's what we attempted to rely on. So for future studies, they will likely continue to depend on cooperation with economic studies requirements. That's not present in the legacy GTLD agreements. And so one thing that we note is that it may be important to require or ICANN to introduce a similar requirement of economic studies into the legacy GTLD agreements, if they want to collect such data in the future.

Do you have any other questions at this point? Alright, since I'm not seeing anything, I'm going to move on to the next section on safeguards and consumer trust and by move on to, I mean pass the mic to Laureen Kapin, who will handle things from here.

LAUREEN KAPIN:

Thanks, Jordyn. Hopefully everyone can hear me. Otherwise, signify that you are having technical difficulties and we'll try and work those out. Along with my colleagues on the review team, we focused on the issues of consumer trust and safeguards. And what I'm going to do is

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give an overview of some high level findings and a taste of our recommendations. I am going to recommend to folks, however, to read the full reports to get the greater context for what we found and what drove our recommendations. And you will hear from several of my colleagues on these issues. You'll hear from Drew Bagley and David Taylor.

So, I'm going to be starting off by talking about two separate issues, consumer trust and safeguards. I'm just going to touch on the safeguards in this first segment and focus more on consumer trust, and then get into more detail about the safeguards a little later on. But at a high level, here is what we found. With the significant expansion of the GTLD program, we did not see a huge impact in terms of consumer trust. In fact, when we looked at surveys that specifically focused on consumer trust, what we found is that overall trust in the DNS had not diminished.

When we delved a little further into what make consumers trust GTLDs in general, familiarity and security measures were big concerns for the public, and I'll get into a little more detail in just a moment. We also noted that we really need a lot more information on why consumers trust GTLDs, new GTLDs in particular. Big picture issues regarding safeguards. The new GTLDs program launched a lot of safeguards, contractual safeguards, as part of the program, and many of them had not existed before, so that in and of itself was an improvement, particularly because many of those safeguards were really aimed at mitigating DNS abuse.



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We noted that more information is still needed to really understand the impact of the safeguards on both the public, since many of them were intended to protect the public, and the entities enforcing them, whether that is law enforcement or whether that is the contract holders themselves, or ICANN compliance. And finally we noted that there is really a need to have a systematic collection of data regarding DNS abuse in particular, and in connection with the complaints that ICANN itself collects, there would really be a benefit in providing more transparency about both the subject matter and ultimate outcome of those complaints. So that's sort of a broad overview.

Now I'm going to focus more on consumer trust issues in particular. And here, ICANN commissioned the Nielsen Group to commence two surveys. One looked at consumer end users and the other looked at registrants. And we talk of consumer trust, we define that include both end users and registrants, but I will note that there were two separate surveys and they really focused on different segments of the population.

So here are two key findings, actually three key findings, but two primary factors related to trust of GTLDs. Familiarity and the reputation of the particular GTLDs, and also the extent to which security measures were taken to protect user's sensitive information. And another finding of note was that when Nielsen compared trust levels of the public of legacy GTLDs to new GTLDs, new GTLDs were only trusted about half as much, as least at this point in time. Things are still fairly new, the Nielsen surveys were two studied in two waves over 2016, so things are still evolving, but at least the snapshot we took in 2016 showed us that the new GTLDs were less trusted.

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We saw correlations between registration restrictions and trust. Those surveyed reported that they might be inclined to trust a GTLDs more if there were registration restrictions. And then finally, as I said before, a big finding was that even with the advent of more than 1000 new GTLDs, trust in the DNS overall has not diminished. So here's a little bit of a slice of some of our recommendations.

As a theme that you've been hearing already, we really are recommending more study in this area. So we think it would be particularly fruitful to focus on which new GTLDs are the most visited and why, and how user's behavior relates to trust. So the status quo for the surveys was really asking the public which GTLDs do you trust more? A new GTLD, a legacy GTLD, particular GTLDs in general?

But we think there could be a more fruitful study on the objective behavior or users, i.e. which GTLDs are you willing to provide your personal information to? Which GTLDs do you use to communicate sensitive information, et cetera. Our next recommendation really builds on some of the observations and findings from the Nielsen studies. So the studies found that consumers expect, the public expects a relationship of a GTLD name to its contents.

So, if you're looking at the dot fotos GTLDs, you are not going to be expecting a website that is about rocks or the atmosphere. More importantly, if a GTLD has a name that has a message of trust, for example, a dot accountants GTLD, that there should be steps taken by the registries to meet user expectations in that regard, and similarly, the public is very concerned about the safety and security of their sensitive information, particularly health and financial information.

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So recommendation 14 really focused on incentives that could encourage GTLD registries to meet user expectations in these regards. And then recommendation 15 really says, you know, we started these studies, it would be good to continue them so that the instant studies can serve as a baseline and we can see how things change over time. So that's a sampling of some of the recommendations. And now I'll take questions if people have them.

So I'm going to look to see if there are hands raised, and then I'm going to look in the chat. No hands raised, and I think the prior chat is regarding the competition issues. So not hearing or seeing any questions, I'm going to pass the baton to my colleague, Drew Bagley, to discuss DNS abuse.

DREW BAGLEY:

Thank you, Lauren, and hello everyone. Thank you for attending today. One of the items that we were tasked with was examining the malicious abuse issues and the safeguards associated with the implementation of the new GTLD program. And in doing so, we took a variety of approaches to analyze this issue, and this part of our study is very much a work in progress, because we're waiting on a lot of data to come in. The way we approached this is first looking at all the safeguards that were created as part of the new GTLDs program in determining whether or not they had been implemented as well as highlighting any statistics we could find regarding compliance complaints.

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And then the main aspect of how we approached this area was a comprehensive DNS abuse study. We looked at the rates of DNS abuse in the legacy GTLDs compared to new GTLDs, and broken down by registry as well as registrar, and factoring in different aspects of how long the domain name was registered for, to try to decipher what may have been a malicious registration versus what may be DNS abuse related to a legitimate registration.

And so as part of this, we passed this to a vendor, to two vendors, actually, SIDN, as well as UDELTA, and so they gave a presentation at ICANN Copenhagen, and if you would like more specifics on the methodology, you can look at that. So, what we've seen so far with our analysis of safeguards put in place in the new GTLD program, there actually appears to be widespread compliance with implementing the new safeguards. We have not seen anything out of the norm indicating that especially technical safeguards such as DNS sex prohibition, the use of wildcarding, or orphan (inaudible) records have not been implemented (inaudible) and so it appears that they largely have.

In looking at actual rates of DNS abuse in new GTLDs, we have looked at existing studies that have been conducted on a smaller scale from APWG, Stanhouse, and some others, but thus far, we have not found any other comprehensive analysis such as the one we're commissioning. And so once our study is complete this summer, then we will have a lot more information on this and be able to draw potential correlations between safeguard implementation as well as DNS abuse, and we'll be looking at whether or not maybe there's less DNS abuse in some of the new GTLDs, due in part to the safeguards, or perhaps there is higher DNS abuse in the new GTLDs and the safeguards have played on

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interest, and there are other variables affecting it, or perhaps even the size of a zone or the registrar heavily relied upon by a particular registry can factor in abuse, and so we will have that data in the coming months.

But in the meantime, we welcome additional sources from the community, particularly if members of the community can give additional abuse sources to the vendor to complete a more comprehensive study. Thus far, with this limited analysis, our recommendations are to use the DNS abuse study we have commissioned as a baseline and to repeat this periodically, because over time that will help determine and inform internet policy making by understand whether or not abuse is getting better, is getting worse, and where the correlations truly lie as we go ahead with creating policies for potential future registries and potential future new GTLDs or examining policies to be put in place for existing GTLDs.

And so that's the update on DNS abuse. Are there any questions at this time? I'm not seeing any in the chat related to DNS abuse, so I will go ahead and, one minute, someone is typing. Okay, I will jump in and answer any questions related to DNS abuse if they pop up, but for now, I'll go ahead and pass it back to Laureen.

LAUREEN KAPIN:

Thanks, Drew. So now we're turning to the issue of safeguards more precisely. So our methodology in approaching the issue of safeguards was to look at the intended goal of the safeguards, discuss how the safeguards were implemented and enforced, and then identify any particular issues. And most of the safeguards were enforced

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contractually through the downstream agreements, registry, registrar, registry to registrar, registrar to registrant, and we are going to focus for this discussion just for illustrative purposes on the safeguards regarding who is and safeguards regarding sensitive regulated and highly regulated strength, but there were many safeguards. Our report actually has an extended discussion on the safeguards.

So again, I'll commend you to look at the report and also encourage you to give us your insight and feedback. So, let's begin with who is. The goal of the safeguards regarding who is were really to enhance abuse prevention and mitigation efforts by making detailed information available about the registrant of a domain. And one of our particular findings was that who is related complaints were the largest category of complaints received regarding registrars.

We also noted that ICANN instituted a project, a who is accuracy reporting system. That project originally had three phases, one dealing with syntax accuracy, is who is information in the right form, operability, accuracy, does it work and the identity validation. Is the entity or person identified the actual person who is responsible for the domain. And in connection with who is, we came up with certain recommendations.

One of our recommendations is that it would be useful for ICANN compliance to identify the precise subject matter of who is complaints. Because right now they're in one big category, but we don't know whether the complaints deal with syntax, operability, identity, or somewhat else, and it would be useful to have that information. And in connection with that, we think consideration should be given about

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whether to proceed with the identity phase of the accuracy reporting systems.

Now I'll move on to sensitive and regulated strings. The goal here was to mitigate risk associated with strings linked to regulator professional sectors. So, what are those sectors? Well, for example, charities, financial sectors, medical sectors like pharmacies. So we're finding here regarding the safeguards, is that there were safeguards regarding compliance of all physical laws, because regulated industries, there can be many applicable laws, for example laws about debt collection, privacy, consumer protection, disclosure of financial information, and then two, there was a safeguard about handling sensitive information, health or financial data.

There is a requirement to implement reasonable and appropriate security measures. And these really go hand in hand with the observations that the Nielsen surveys made, that these issue of security are really on the mind of the public in their online activities. So, one of our recommendations is to include more detailed information on the subject matter of complaints, and ICANN publically available compliance reports. This actually is one of our over-arching recommendations, ICANN compliance does a super job of collecting a lot of information and which think that they can be even more effective if they disclosed more granular data about what is the subject matter of those complaints and how these complaints are handled.

So, for example, for sensitive and regulated strings, it would be useful to know if there is a particular law violation being complained of, and also it would be particularly useful to know whether the complaints raised

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privacy concerns, in particular the protection of sensitive health or financial information.

Moving on to safeguards in highly regulated strings, here the goal was really to mitigate higher levels of abuse associated with strings in highly regulated sectors. So this would include, for example, banks, pharmacies, charities, gambling institutions, and here we found there is a real lack of clarity. It's unclear how contracted parties are complying with the safeguards applicable to domains for highly regulated strings. Now we do know they are complying in the sense that these written safeguards are part of the contract, like in compliance monitors for that, and there is very good compliance in that regard.

But what we don't know is whether the safeguards are actually being complied with in a real world setting. So, for example, there is the safeguards requiring highly regulated GTLDs, registrants for those GTLDs to have appropriate credentials, and in fact they have to make a representation that they possess those credentials. So, for example, if they're a charity, they have to actually possess the credentials for a charity. But what we don't know, for example, is if someone can say I'm a charity, I have all those credentials, and yet they could actually be a scammer or someone wanting to engage in fraudulent activity. We don't know if in the real world, how that safeguard is being enforced.

So we have a set of recommendations trying to grapple with those issues. Recommendation 28 identifies auditing registrars and resellers to see if people without the proper credentials can buy a highly regulated domain. We also have some recommendations regarding more detailed information again from ICANN compliance about the



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volume and subject matter of complaints regarding these highly regulated strings, and then finally we think it might be useful to compare rates of abuse between highly regulated GTLDs that go beyond the required safeguards and institute additional measures, and compare the rates of abuse between those and those that go beyond the contractual safeguards and institute additional protection and the highly regulated GTLDs that do not. So that's an example of some of our recommendations regarding safeguards.

And I'll take a pause now for questions. And I'm going to scroll up in the chat to see if I missed any questions. Okay, so Kathy, I'm going to answer your question about the accuracy phase, although I would say the best source of information is going to be the ICANN website, that really details the accuracy reporting system in the phases. But originally there was a phase 3 that was going to look at the accuracy of the identities in who is, there already have been studies that look at the accuracy of the syntax and operability, and this was going to look at whether the identity information that was given was accurate or not.

That's my simple way of describing it, but for the best source of information I would direct you to the ICANN website, which has a whole page on the accuracy reporting system, and that will be described. I will note ICANN did not proceed to that phase 3, there's not a whole lot of information there. I hope that answers your question and I'm happy to discuss that further if you have more questions, and I probably would consult with the ICANN staff who are involved in that project to make sure I'm accurately discussing that topic. Other questions?

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Thank you, Mary, for giving the pinpoint site there in the chat, I appreciate that. I'm not seeing hands. And I am not seeing other questions, so I will pass the baton back to my colleague, Drew, to talk about public interest commitments.

DREW BAGLEY:

Thanks Lauren. So, along with all of the safeguards put in place as part of the new GTLD program, we looked at the advent of the voluntary public interest commitment, and this allows applicants to include with their applications binding commitments of processes that they would carry out if they were awarded the registry. And these commitments that were put in the application became binding upon corporation into the registry agreement.

And so in looking at what these public interest commitments were by the new GTLD operators, and how they worked, we analyzed the voluntary PICs as broken down by categories. So we looked at all the voluntary PICs associated with highly regulated new GTLDs, regulated new GTLDs, and then the top 30 most popular new GTLDs. And from what we saw, the substance of the voluntary PICs varied greatly. Because of the nature by which voluntary PICs came about, some voluntary PICs actually looked like what would later become obligations for all registry operators, such as some of those related to anti abuse, or even rights protection mechanisms.

Others truly were very unique, in which new GTLD operators pledge to invoke a very unique anti abuse policy that went above and beyond what was required of them. Similarly, some created new mechanisms

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by which they would determine whether or not any intellectual property rights were being violated. But the voluntary PICs, new GTLD applicants, were only given fewer than 30 days to come up with these voluntary PICs, so therefore we believe that explains why we have this variance in voluntary PICs, where some would, as I mentioned, would become existing obligations and others were novel and new.

But what we discovered was that nonetheless, it's difficult for the community to analyze voluntary PICs and measure their effectiveness in their current form, because the voluntary PICs exist only in the registry agreement and aren't in a standalone database of some sort. And then there is also really no mechanism in place that currently measures whether or not the voluntary PICs, what they are accomplishing and whether they're being effective, nor ensure that there is some sort of screening mechanism to see if they are in the public's interest, or not in the public's interest.

Therefore, that's we come up with the following recommendations. We believe that ICANN should important the accessibility of voluntary PICs for the community by extracting these voluntary PICs from the agreements and including them in a searchable database. We also believe that should voluntary PICs exist going forward, and should there be new GTLDs going forward, the next time around, applicants should be required to state the goals of each of their voluntary PICs, so that the community can ascertain what the registry is attempting to accomplish.

And lastly we believe that any future voluntary PICs created should be submitted with ample time for the community to review them, and we believe this will be a safeguards to ensure that they are in the public

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interest, so there would be enough time for DAC review, for the community as a whole, and for limited public interest objection. And so with that said, are there any questions regarding public interest commitment?

And this is an issue where it is preliminary now, and we intend to look at this issue further, of course, informed by public comment. And once we have DNS abuse data too, we would like to do correlation between public interest as it is related to DNS abuse. Okay, I see no questions, so I pass the baton to David Taylor, who I will call out for being absent this morning, but he is here with us now.

DAVID TAYLOR:

Thank you very much, Drew, thank you Laureen as well. Yes, I'm here with you now. So, as you know, I think defensive registration is one aspect we've looked at, and Jordyn covered those earlier, and also pointed to the small number of trademark owners registering in hundreds of TLDs, I think it was about 4%. But the flip side of this is that the protection of trademark rights or holders and consumers, and are also done by the rights protection mechanisms, so the question we have, these rights to protection mechanisms – I think we're on the wrong slide, there, there's one before that, we should be on the slide before.

Anyway, in order to do that, what we've been on is a quest for data here as well, to assess the impact on the TTLD program on both the cost and the effort to protect trademark. So how do we go about doing this? We've looked to the ICANN metrics from 2012 to 2015, which are based

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on various DRS providers, as well as the WIPO statistics from 2015, and both of those are to be updated in a final report, as well, as the resources for the data and the (inaudible). But also importantly, as Jonathan alluded to earlier, we have the INTA impact study by Nielsen which is due on the 3rd of April, 2017, this year. So, next slide, please.

The two most important findings, basically. So the first one here, we've seen a rise in cases filed year on year, looking at the UBRP as well as URS combined, and that's looking at between 2% and 17%. [AUDIO BREAK]

I think that was a crossed line. It wasn't my wife calling, anyway. So the rise in cases filed year on year, it's not necessarily surprising that it's gone up, given that we've got new GTLD registrations at the second level and so there are more domain names. So, if we look at the data for 2015, we saw that new GTLDs made up 66.5% of total GTLD registrations, and one of the interesting initial findings we've got is that UDLP disputes involving new GTLDs counted over the same period at 10.5% of the cases at WIPO.

So, it's a tentative conclusion that proportionately more trademark infringement and new GTLDs compared to legacy GTLDs, and looking at some of the data now in 2016, again, seems to be following, but again, earlier days, we'll be looking at that in more detail. So, next slide, please.

So then on the draft recommendations, the key thing here is that we're waiting for the data. Hopefully it will be so good, we're going to want to repeat it, which is what recommendation 42 is. You can see the study

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on the impact of new GTLDs, looking at the cost and effort required to protect trademarks, and so we're recommending repeating within 18 months of CCT-RT final report, and then again regularly.

And the other two recommendations concerning the trademark clearing house and URS, and in particular the URS, the inter-operability of the URS with the UDRP and this is of course being considered current by the RPMPDP working group, so again, there's a need for data to make more recommendations there. So I will answer any questions anybody may have, before we move on to application and evaluation process? I see Phil Corwin is at the end, hi Phil, "What was the 17% increase about?" It depends on the 2%, the 17% is based on different sources and different years, so it was really just grouping the various things together. So I think it was one year it was 17% looking at one source.

So again, that's something we'll see in the final report, and I'm happy to share those with you on the RPMPDP working group. And Kathy, "How does the expectation of the new report this week and recommendations the RT is providing?" I think everything we're looking at now, we're waiting for the reports, we're waiting for the INTA study, and that's what we're going to build on, so it will definitely affect what we're looking at, because you've got the time over the next few months before we do final report.

Kathy again, "How does one comment on recommendations that do not yet exist?" Very good, comment and see, and then we'll see whether we still make the recommendations at the end in the final report. That's it. So I'm happy to move on, now, if you want, Jonathan, on the application and evaluation process.

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JONATHAN ZUCK:

Thanks, David. And Kathy, it's a fair question, and the truth of the matter is you can always comment, there's an email address to reach the group, and all of our deliberations are in public, so this is sort of an official pause for public comment on these findings, but as you know, when additional studies come in, there will be some changes, but we'll make it public along the way, and there will be plenty of opportunity to comment, as we try to incorporate the findings of the additional studies.

So the last part, if you will, of the study was on the application and evaluation process, and there is a new TDT on subsequent procedures that is exploring moving forward with additional GTLDs. And we tried to carve out a part of this and really look less at some of the inefficiencies of the application and evaluation process and look more at some of the possible inequities of the process.

And one of those areas was in the global south, and the kind of paucity of applicants from underserved regions, we wanted to try to figure out why there were so few applications, and what might be necessary to enhance that in the future. There were three data gathering efforts. One was an applicant survey that was handled by Nielsen, looking at what the applications process was like.

There was also a study by the AM Global that was on cohorts, if you will, looking at entities that were similar to those who did apply, and kind of asking the question of why they didn't. And so those were some of the conversations that took place, as well as looking at some of the data

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that was collected by staff as part of the staff report on the application process.

Some of the things that we think are necessary is for the community to determine some objectives with respect to global south. In other words, if increased applications from the global south is the objective, there are specific things to do, if it's just kind of leveling the playing field a little bit, there are different recommendations, but it seems like the onus is on the community to make an affirmative decision about whether increasing the number of applications is where we should put our efforts.

As far as outreach, it became clear that the outreach program didn't reach enough people, and certainly not soon enough. So there are some recommendations about a more comprehensive program of conference participation and thought leader engagement, additional media outreach, as well as just beginning that outreach significantly earlier. One of the requests that came from some of the entities that were interviewed by AM Global, was for case studies and business models associated with the new GTLD program, and these didn't really legitimately exist at the beginning of the program, and there are more of them now.

I think that it's still not a settled set of successful case studies and business models, but there's at least more information that can be compiled and shared with potential applicants, to see if those business models fit their interests. And so there is more that we can do in terms of outreach. Most of you know, there was also an applicant support



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program that had both a financial and non-financial component, that was very under-used.

So we recommend re-exploring that applicant assistance, both the financial piece of it, and making it either easier to get, or applying more circumstances, as well as the non-financial assistance, within the form of kind of a mentorship match making. If we look that Nielsen survey of those who did apply, the majority of them did make some use of outside consultants in order to complete their applications, which suggests that the process was sufficiently complex, that bringing in specialized help was necessary.

And there was a program by which there were volunteer mentors and those folds who identified themselves as wanting mentorship, but it's clear that the program wasn't monitored beyond creating those lists, and it appears as though none of that mentorship actually took place. And so one of our recommendations is for ICANN to play more of a coordinating role in that type of program going forward, both so that it's more successful, but also so that we're getting more data about what went well and what didn't in the future of such a program.

Then on some other areas in terms of application and evaluation, we looked at early warnings, and it looks as though most of them are useful, people were able to act upon them and move forward with their applications or withdraw soon enough, before they lost much of their application fee. So there seems to be a rough consensus that the early warning process was an effective way for the GAC to participate. There was the thought about them being earlier, and then when actually

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giving advice, definitely making sure that advice is clear and comes sooner.

We need to review procedures and objectives for community based applications, because that too led to very few successful applications and so again, I think the procedures working group is trying to address whether there is a need for community specific application process, and if so, what enhancements can be made to make that process more equitable and more efficient. There needs to be greater consistency in dispute resolution proceedings, there were quite a few different results for similar questions, and so an overall review of the dispute resolution process is needed.

And then perhaps prescriptive work needs to be done in this case around singular and plurals, for example, where they might just be prohibited. Because it does appear to be a rough consensus of the community, but those are confusingly similar, so we got inconsistent results from the dispute resolution processes in the application and evaluation. Questions about the application and evaluation part of the report?

Okay. As far as next steps, we released a draft report, an interim report in March and opened up a public comment period to begin to get the public engaged. We have a face to face meeting prior to the meeting in Johannesburg in June to go over the DNS abuse report, the survey on the parking data, as well as some regional data that we will include. We don't know whether this will lead to different sets of recommendations or just different sets of findings, that help emphasize those recommendations.

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That seems to be the conversation going on in chat. We'll cross that bridge when we get to it, in terms of whether there is significant change to the recommendations that might require some kind of additional comment period. We hope, barring that, to deliver a final report to the board in July.

Thanks for hanging out for the report. Let me know if there are additional questions, as you can see, you can send comments to us at this address, and there is all the information, our Wiki, if you represent a particular group and want to schedule a conference call to discuss things further, let us know, because we do want your feedback in the public comment process. So anything we can do to facilitate that, please let us know. And if there are additional questions now, go ahead and raise them.

Jordyn, Laureen, Drew, David, do any of you have anything you want to add before we close the webinar? Alright, thanks for being on, folks, and please be in touch through all the various communication channels that are available, and we look forward to reading your comments. Thank you.

**[END OF TRANSCRIPTION]**